



Workplace Savings

An Isio blog

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The Journey to Master Trust

Who's this for: Trustees, Pensions Managers and Scheme Lawyers

The master trust market is increasingly coming under the spotlight as a rapidly expanding area of DC pension provision. 38 authorised master trusts now account for 18.8 million DC members (including hybrid schemes) and over £52.7 billion in assets (excluding hybrid schemes)¹.

Improving governance, reducing fees and more sophisticated solutions are often drivers for moving to Master Trust. While these destination goals are important when deciding whether to move to a master trust, and which provider to select, it is also crucial to consider the journey to on-board members' assets. Proper legal, tax and investment advice is essential, and third party asset transition specialists should be involved to help ensure members' pots are protected.

When selecting a provider, it is important to pin down what they are willing to offer to mitigate asset transition risks and costs to members as far as possible. There is no industry-wide agreement on what the "gold standard" is in these areas, but here are some of the key things to look for.



Project management

Will the provider offer comprehensive project management (at no extra cost), including liaising with all parties, producing a comprehensive transition plan, running project calls and arranging paperwork?



Transaction cost coverage

Is the provider willing to cover transaction costs so these do not erode members' pots? Are there caveats such as caps or increases to member fees? Are they defining costs in an acceptable way?



Transfer methods

Is 100% pre-funding offered (investing before the cash is received) to maintain market exposure? Are there other transfer methods that could benefit members?



Quality of reporting before, during and after transfer

Will the level of reporting allow trustees, employers and members to understand and question what is happening? Will detailed data be available for more in-depth reviews if required?

Providers often offer different levels of service depending on the situation, but improved terms are possible if you know what to ask for.

Over the past year alone, Isio's specialist asset transition team has supported 10 clients to move over £1.5 billion to master trust. Do get in touch if you need support ensuring your members have the smoothest journey.

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¹Source: [The Pensions Regulator's DC trust scheme return data 2020 – 2021](#)